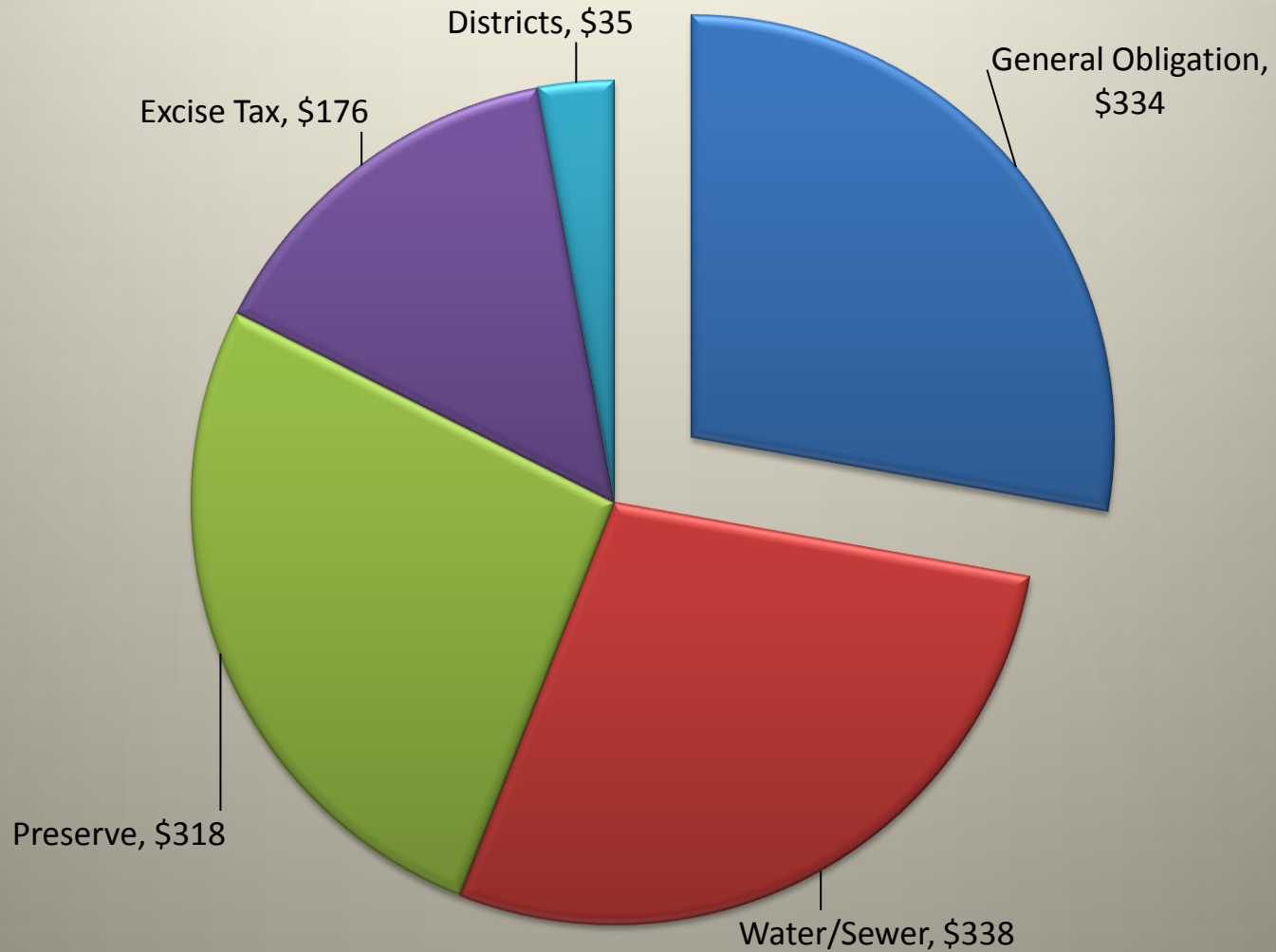


City of Scottsdale
General Obligation Bond Task Force
Bonding Capacity
Capital Investment Financial Guidance

David N. Smith, City Treasurer
October 3, 2012

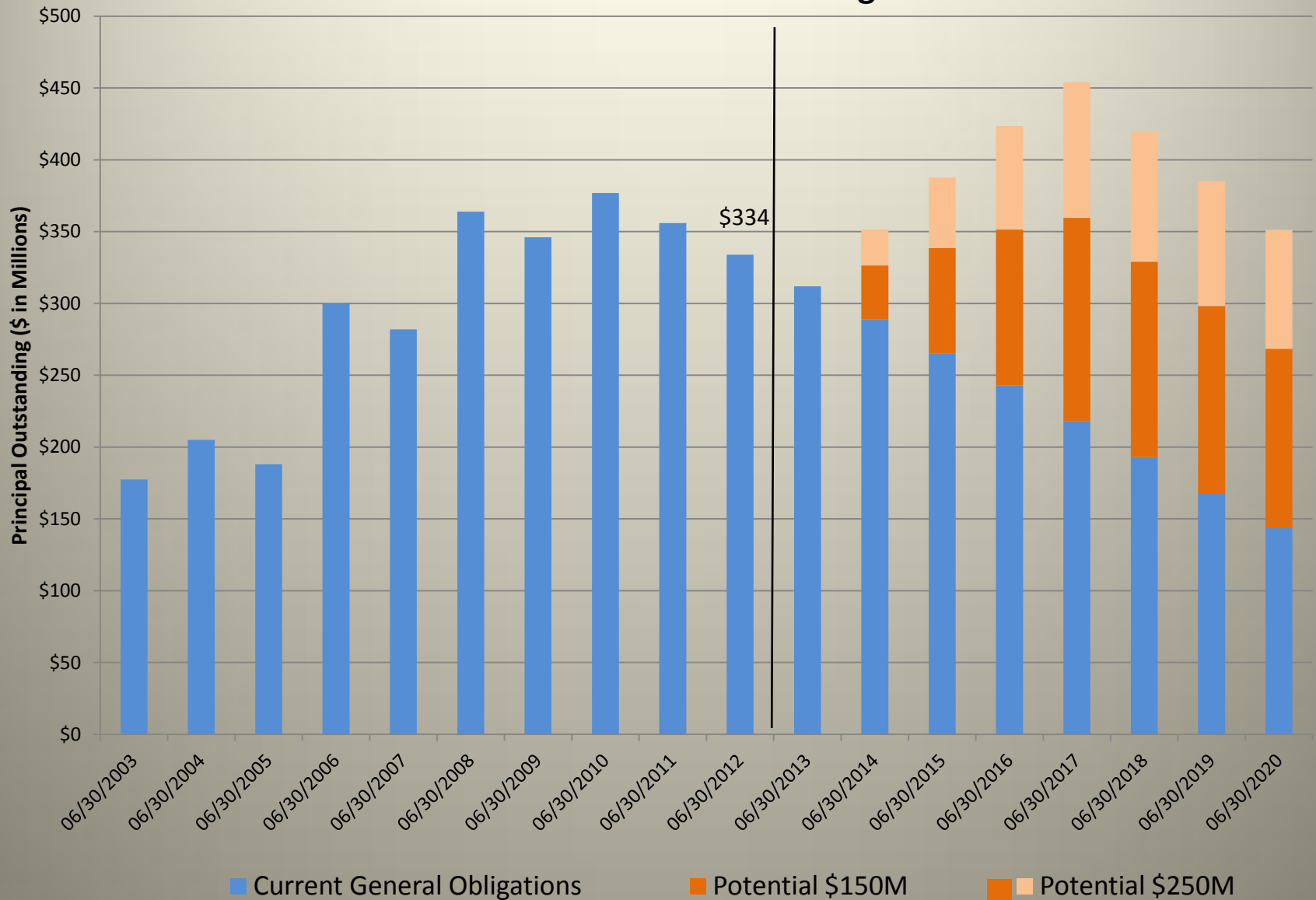
City of Scottsdale
\$1,201M Debt Outstanding June 30, 2012
\$ in Millions



G.O. Bond Debt Outstanding

- G.O. debt outstanding:
 - \$334 million at June 30, 2012
 - Combined City property tax rate now \$1.22
 - Primary property tax rate \$0.50
 - Secondary property tax rate \$0.72
 - \$144 million by June 30, 2020 assuming no new issuances (57% below current 2012 level)
- \$250 million of new G.O. debt:
 - \$454 million peak by final issuance, June 30, 2017
 - \$351 million by June 30, 2020 (5% above current)

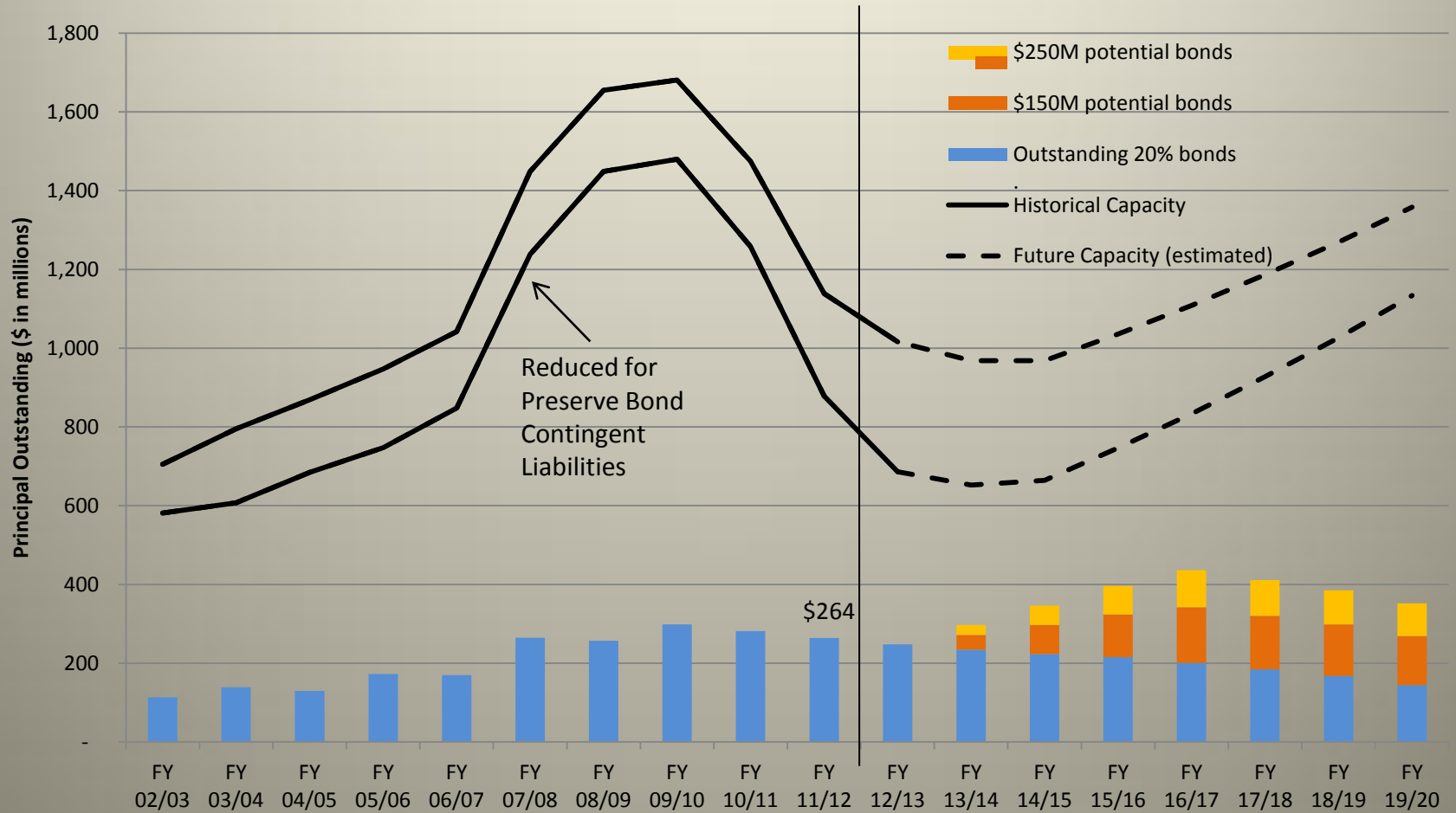
City of Scottsdale GO Bonds Outstanding



Bonding Capacity Considerations

- State Statute Limitations
- Rating Agencies
- Homeowner Tax Impacts

20% State Statute Limitation



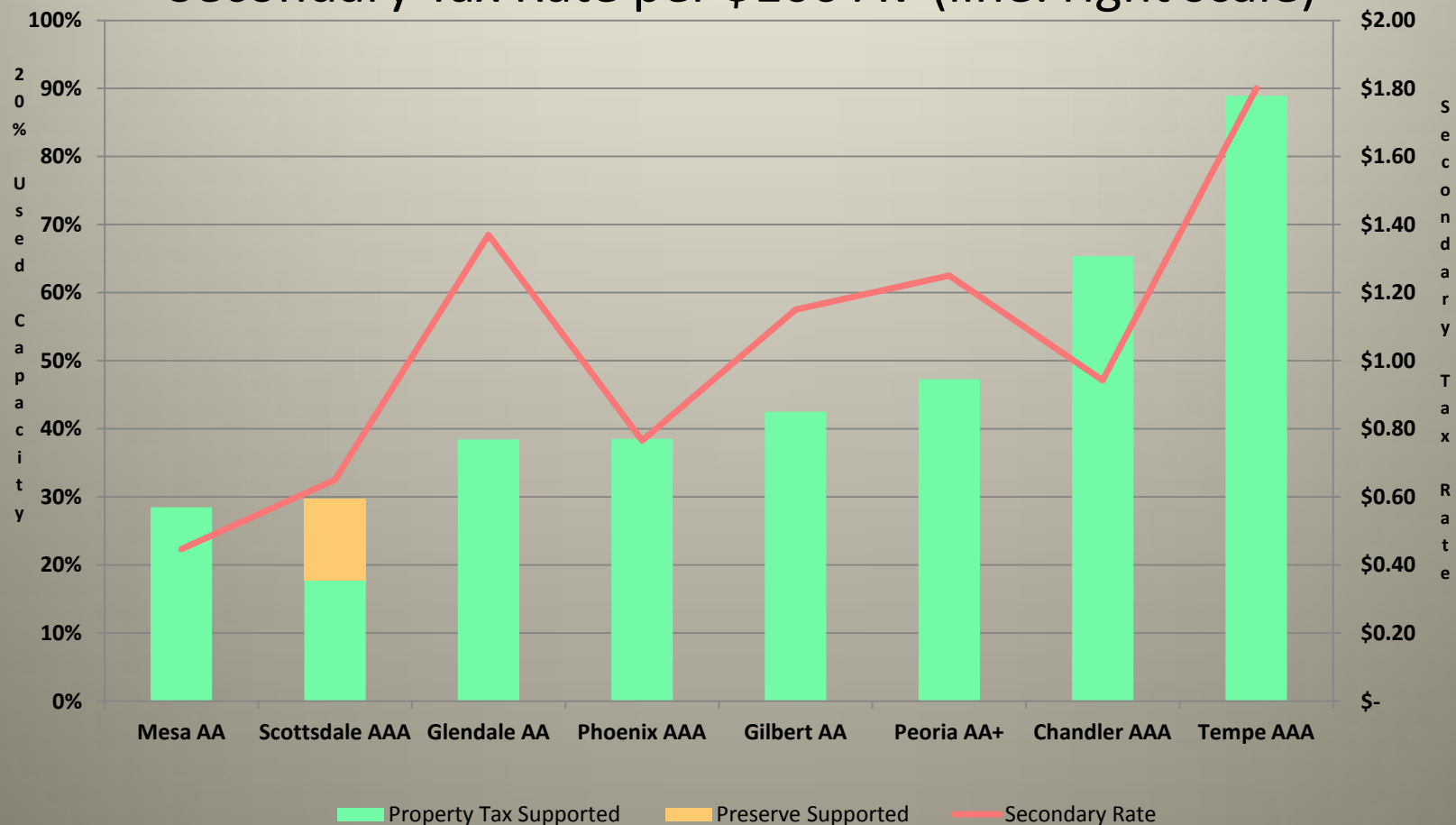
*\$264M bonds excludes \$70M of 6% bonds outstanding

Scottsdale Tax & Fee Burden

FY 2009/10 Property Tax by Valley Community

State Statute 20% Available Capacity (bars: left scale)

Secondary Tax Rate per \$100 AV (line: right scale)



G.O. Bond Debt Service: Ratings Impact

- The City maintains a strong AAA general obligation bond rating.

Moody's	Aaa
Standard & Poor's	AAA
Fitch Ratings	AAA

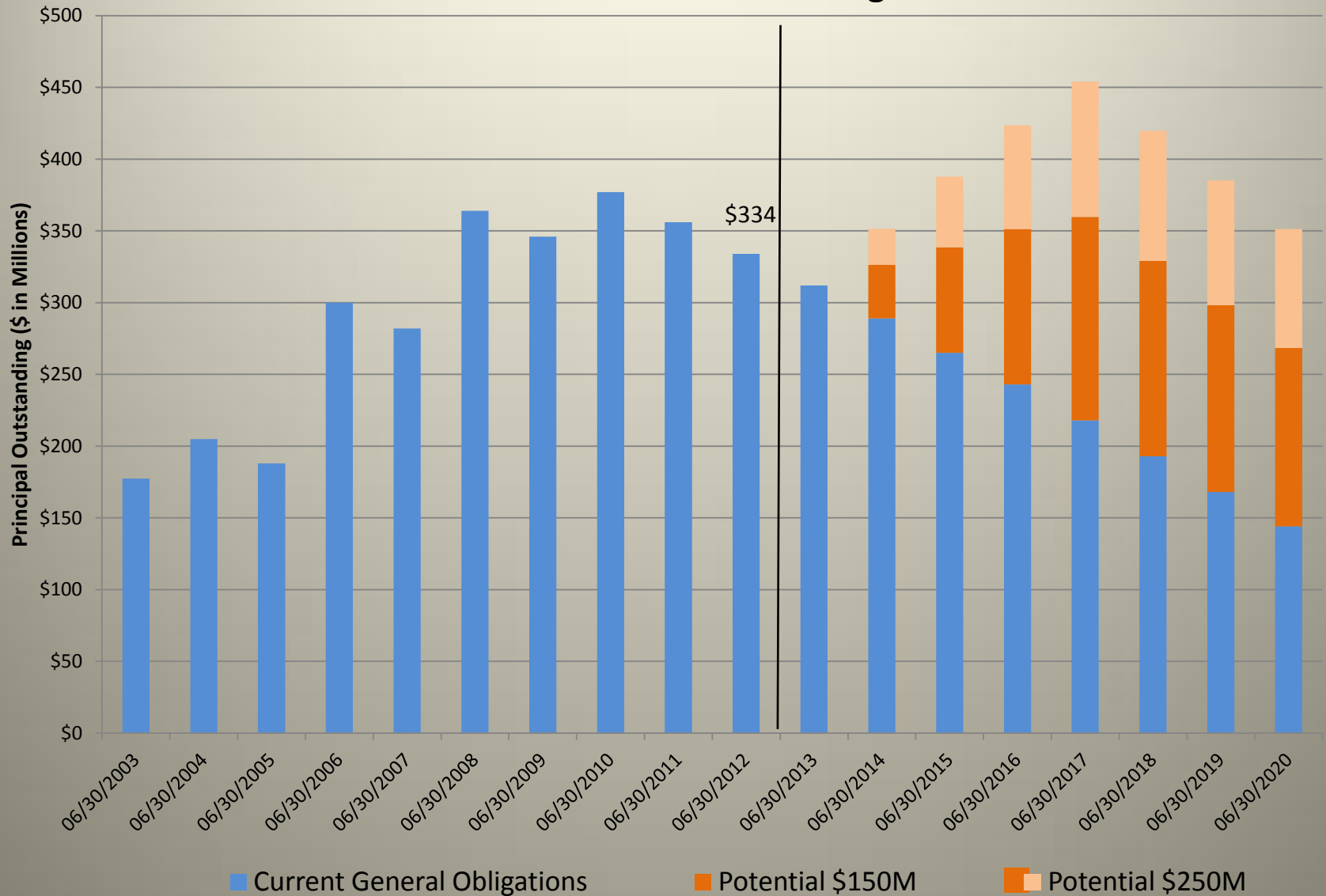
- A new bond authorization is not expected to deteriorate this rating as it is based on the following:
 - Strong management practices
 - Sound fiscal operations
 - Strong general fund reserve levels
 - Favorable debt structure and ratios
 - Deep and diverse economic base

G.O. Debt Service: \$150 and \$250M

Residential Class Impact

	<u>\$150M</u>	<u>\$250M</u>
Incremental annual debt service (after final phased issuance)	\$11.57M	\$19.28M
Portion paid by residential class	<u>x 63.6%</u>	<u>x 63.6%</u>
Debt Service paid by residential class	\$7.36M	\$12.26M
Estimated residential units	÷ <u>129,300</u>	÷ <u>129,300</u>
Cost Per Residential Unit:		
• Annual	\$56.92	\$94.82
• Monthly	\$4.74	\$7.90
• Daily	\$0.16	\$0.26
Burden Per Residential Unit:		
• Average Residential Value	\$287,000	\$287,000
• Annual Debt Service as a % of Residential Value	0.02%	0.03%
Per \$100,000 of Assessor's Market Value	\$22.78	\$37.95 ₉

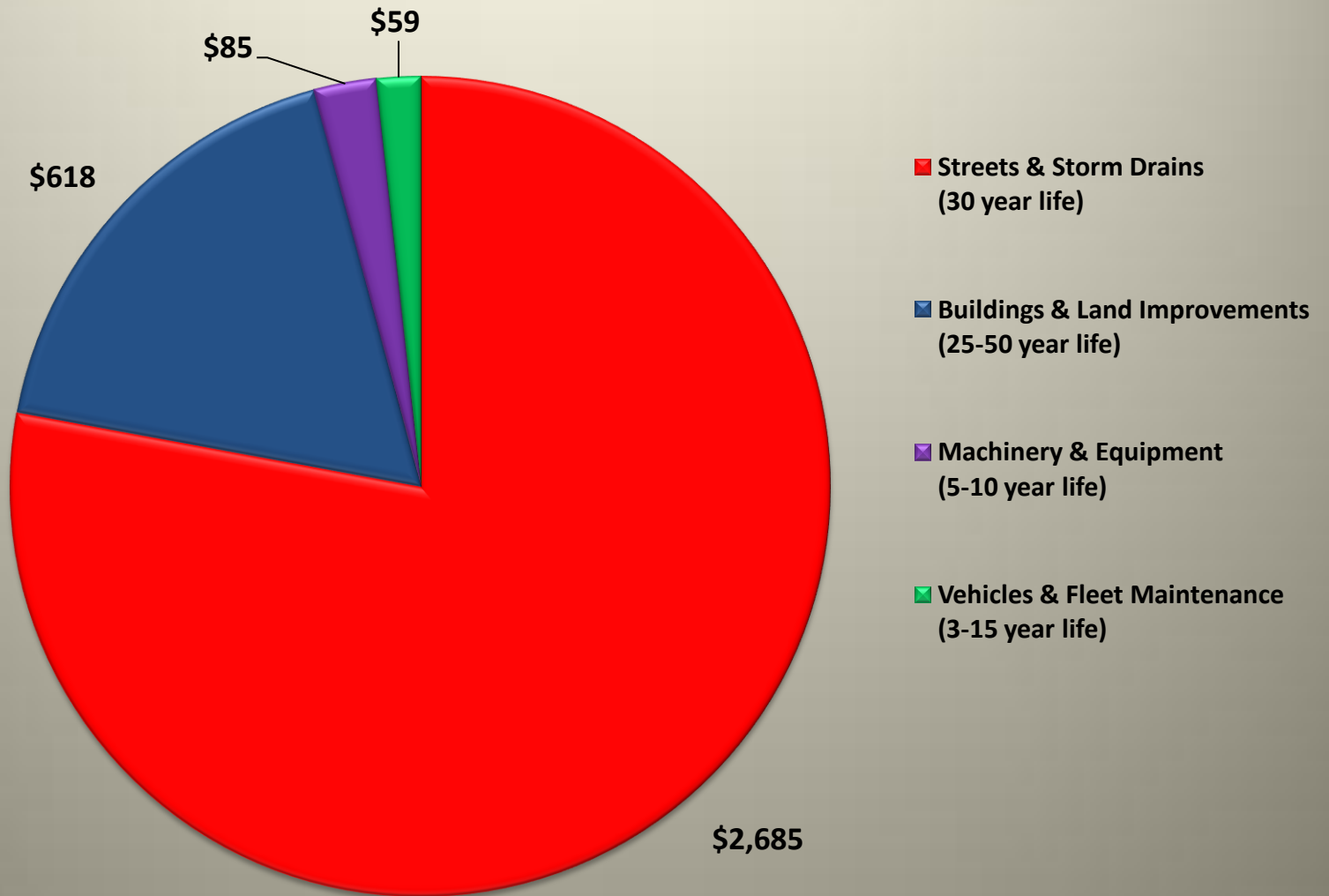
City of Scottsdale GO Bonds Outstanding



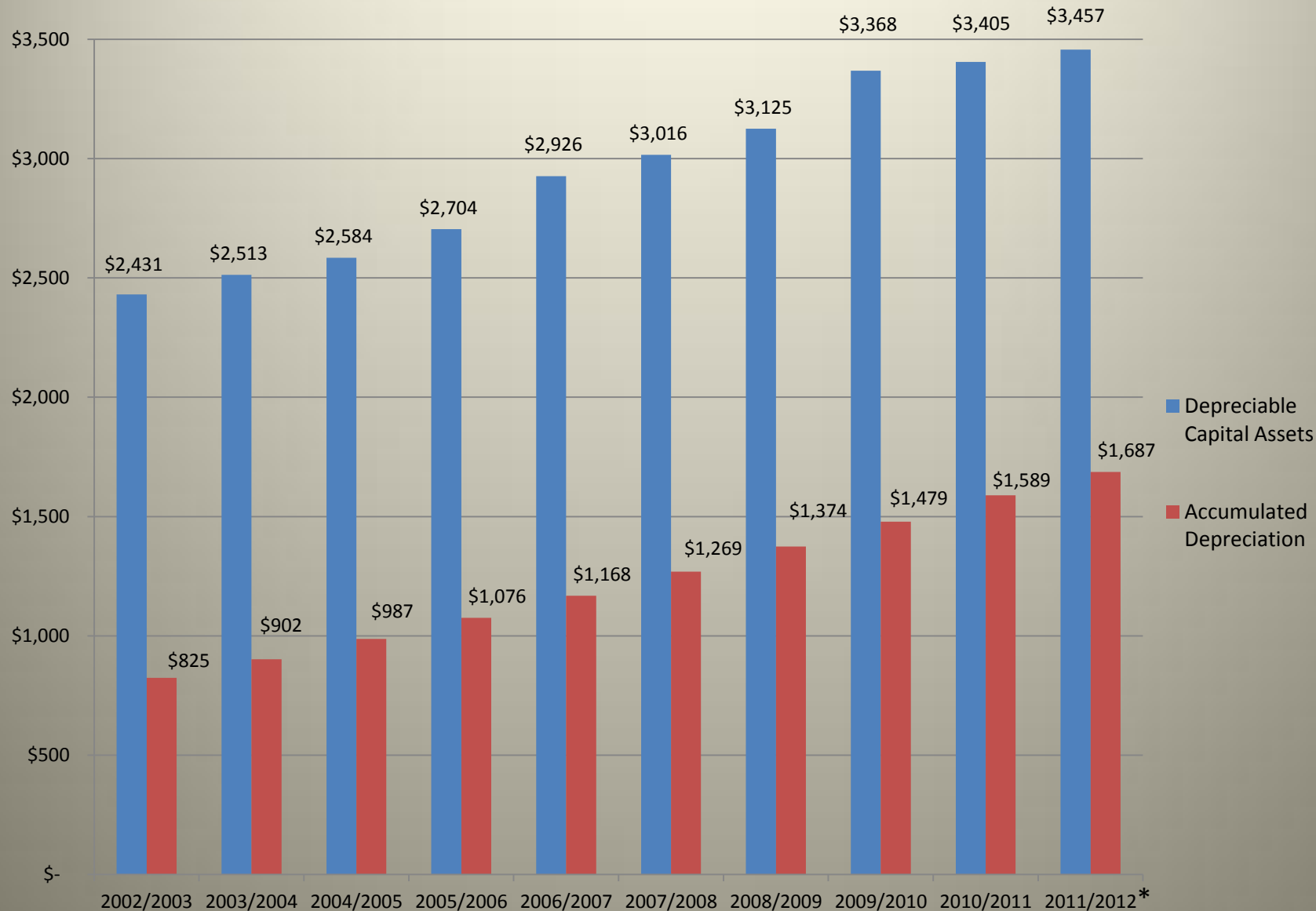
Capital Investment Financial Guidance

- Government Depreciable Assets
- Depreciated Condition of Assets
- Historical vs. Prospective Funding Sources
- Reinvestment vs. Depreciation

Government Depreciable Assets 2012
(with Estimated Depreciable Lives)
\$3,447
(in millions)

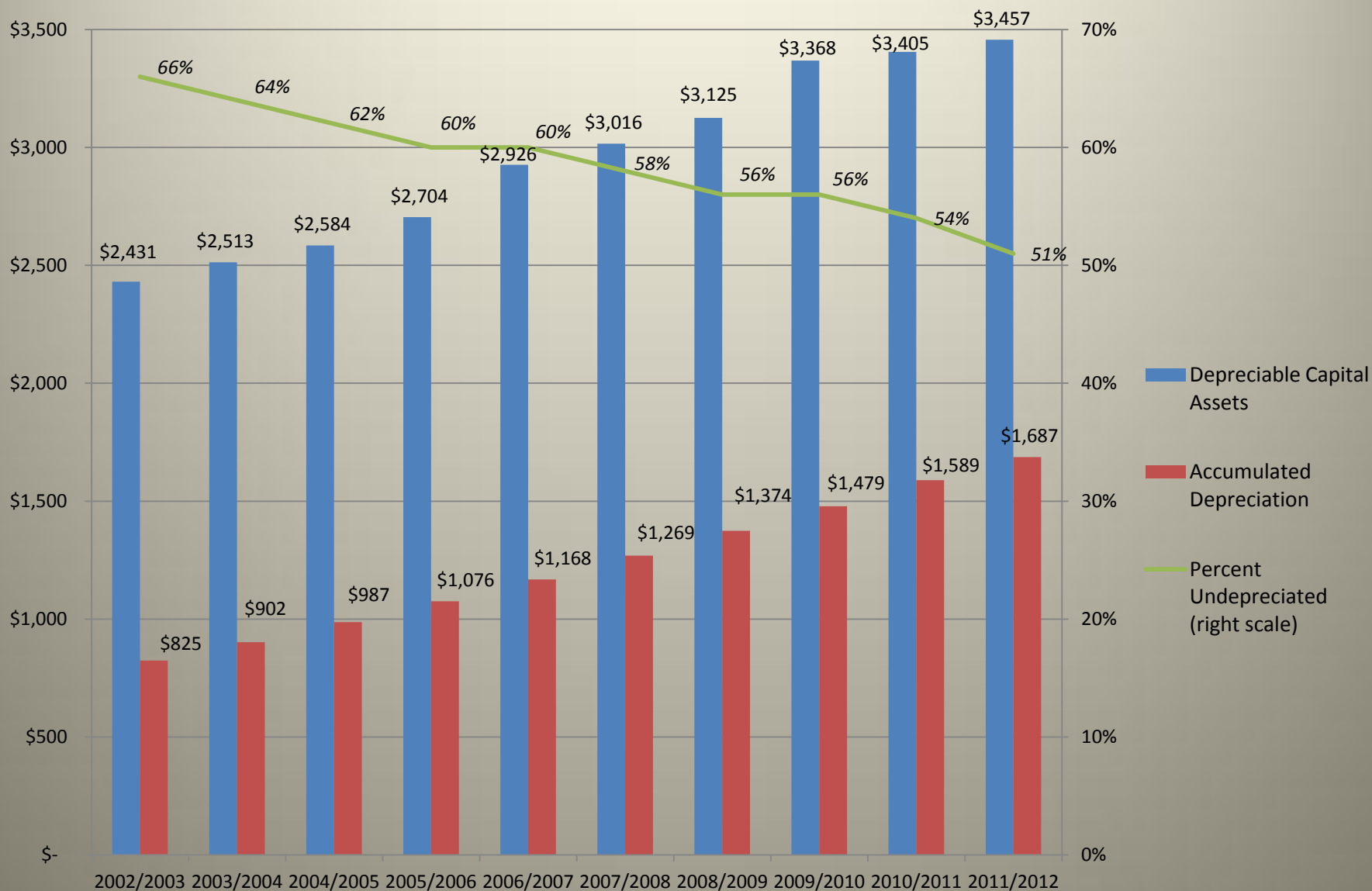


Total Capital Assets Compared to Total Accumulated Depreciation (in millions)

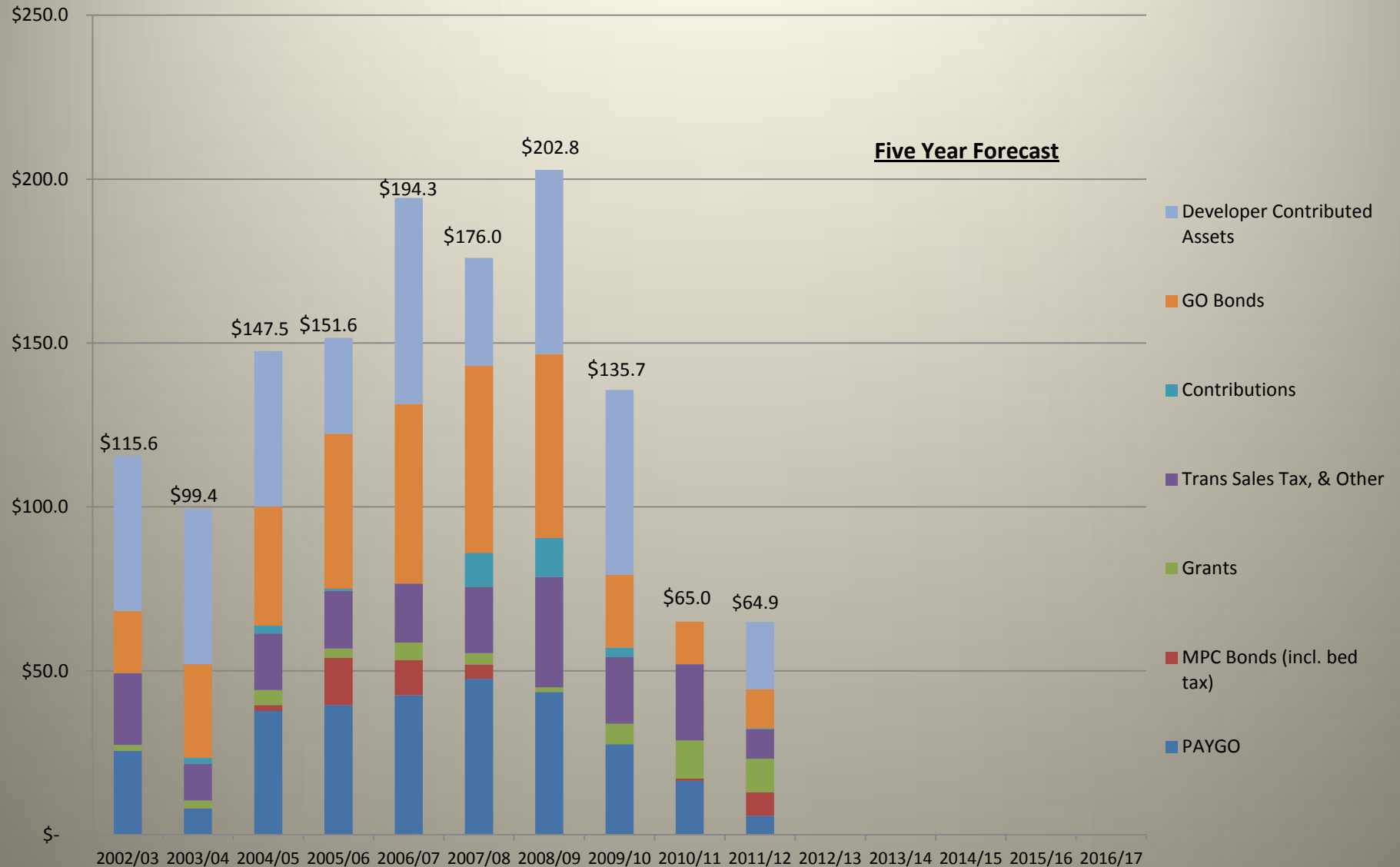


*Amounts prior to write-off of assets fully depreciated and not replaced

Condition of Depreciable Capital Assets (in millions and percent)



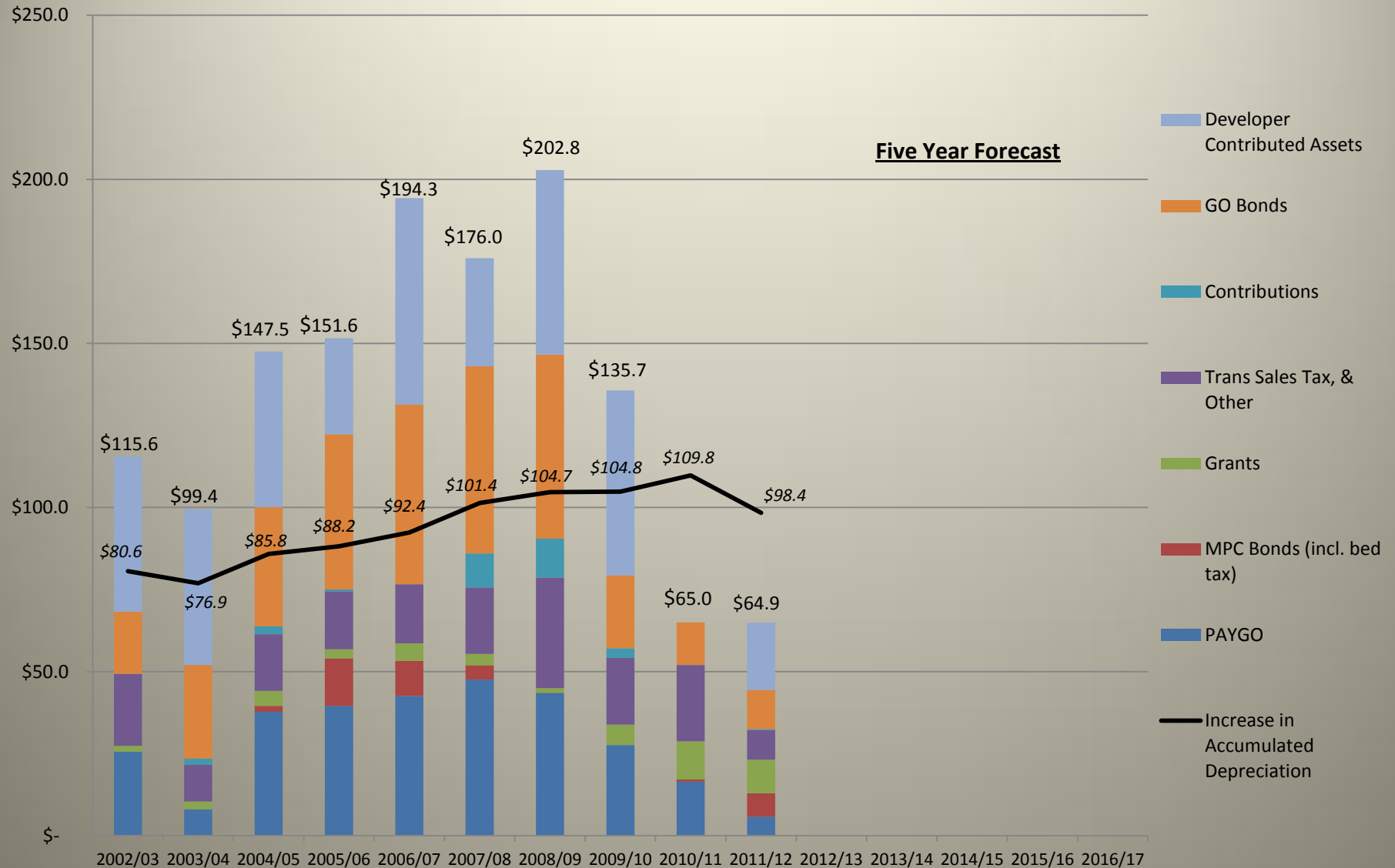
CIP Historical Expenditures (Depreciable Assets Only) (in millions)



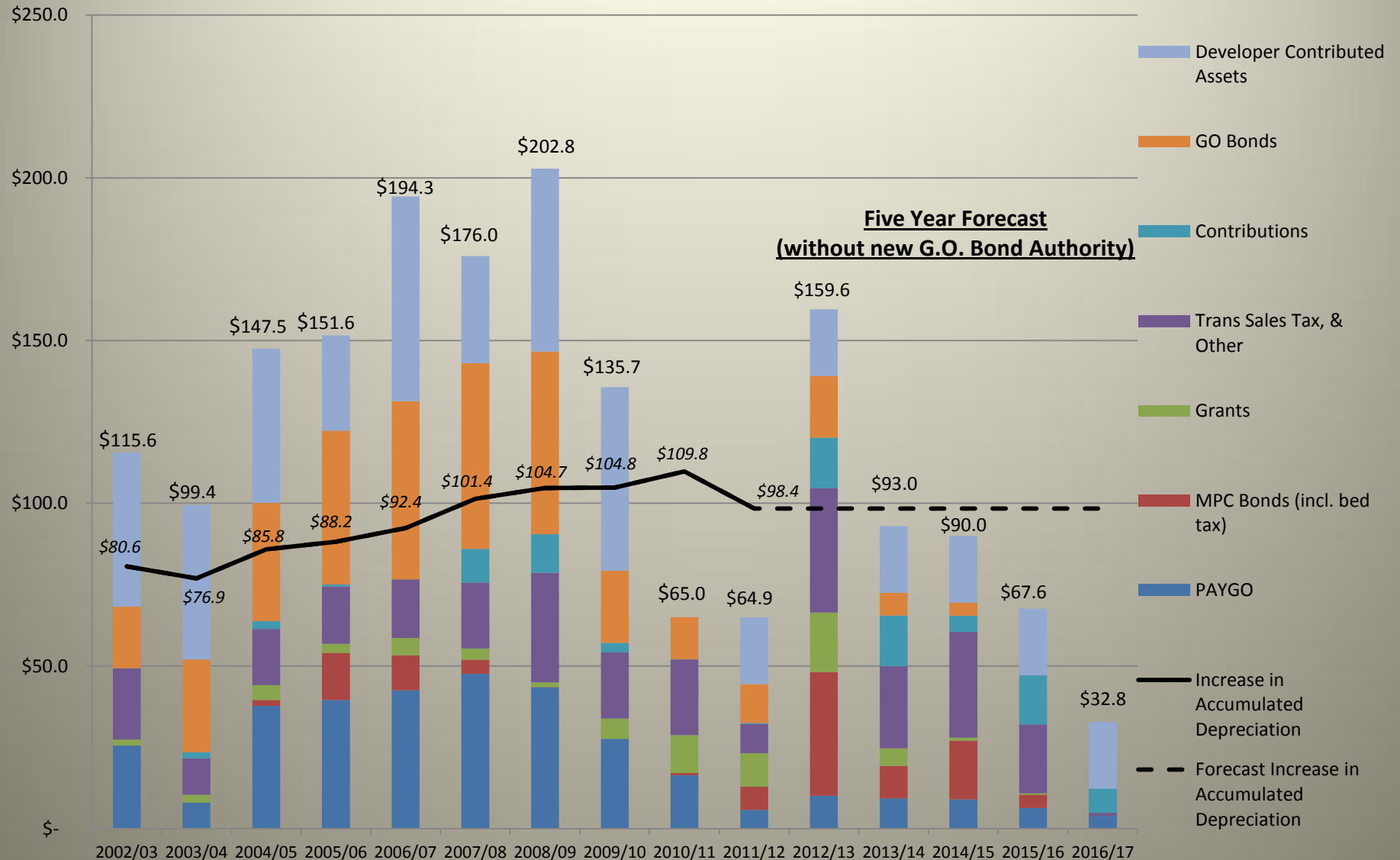
Projects Funded by General Fund PAYGO and Non-Voter Approved Debt
(10 Years: 2002/03 – 2011/12)
(\$ in millions)

	Total Estimated Expenditures
<u>Community Facilities</u>	
Libraries and Parks	\$ 19
Spring Training	25
SkySong ASU	32
WestWorld	31
Downtown	28
Center for Performing Arts	19
TPC	17
TNEC	2
Other	22
<u>Public Safety</u>	
Fire	33
Police	11
Public Safety Radio System	21
Drainage and Flood Control	10
<u>Service Facilities</u>	
Municipal Facilities/Improvements	16
Technology Improvements	40
	<hr/>
	\$ 326

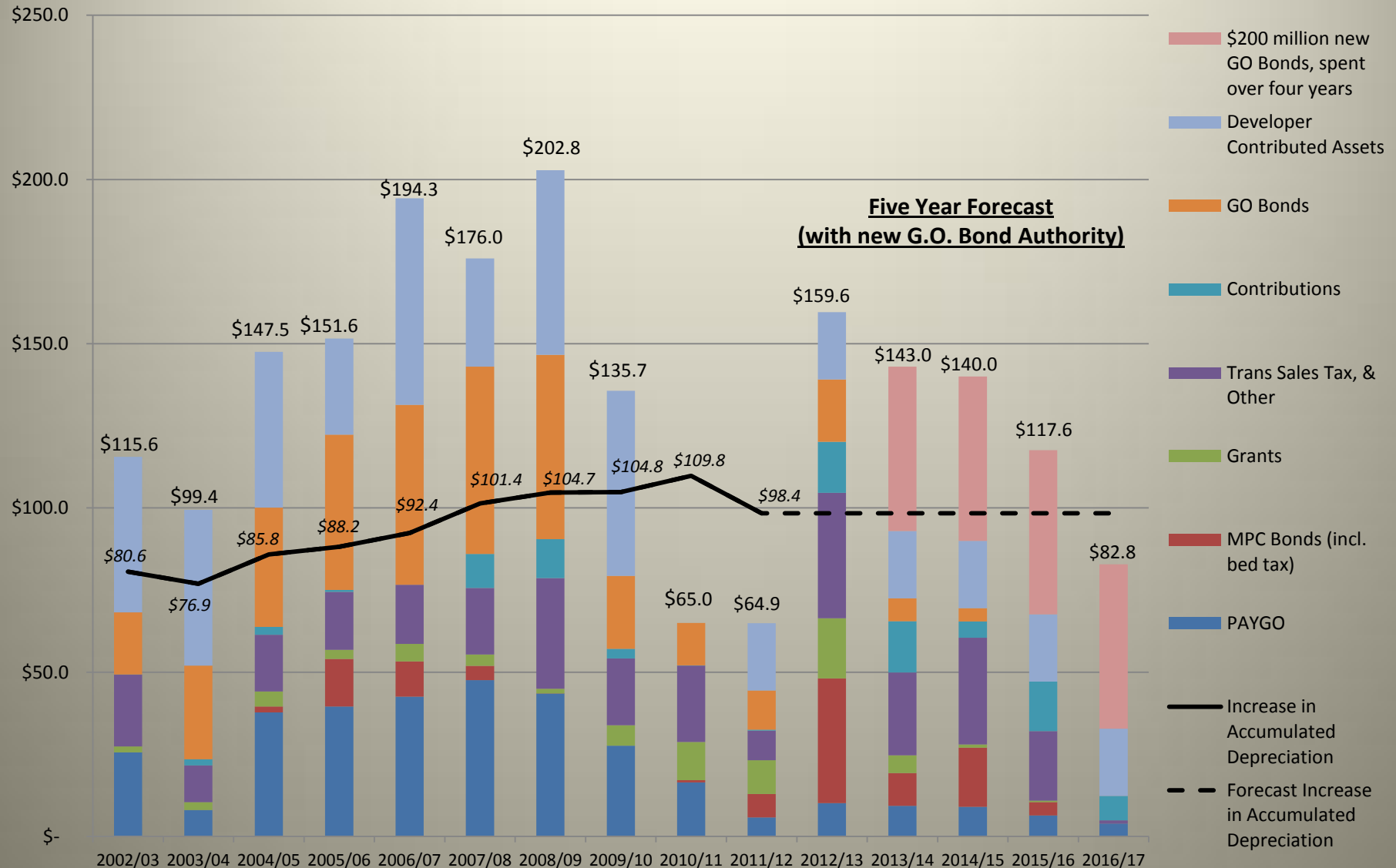
CIP Historical Expenditures (Depreciable Assets Only) (in millions)



CIP Historical Expenditures (Depreciable Assets Only) (in millions)



CIP Historical Expenditures (Depreciable Assets Only) (in millions)



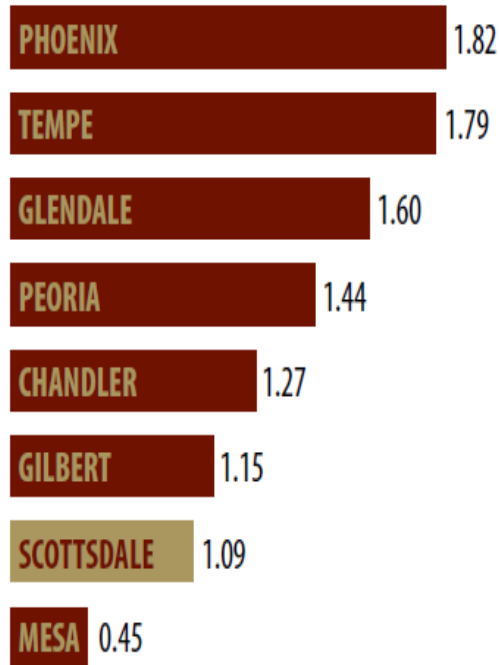
Summary & Conclusions

- Capacity Constraints
 - State Statute Limitations
 - Rating Agencies Implications
 - Homeowner Tax Impacts
- Financial Guidance
 - Reinvestment in Depreciable Assets
 - Historical vs. Future Funding Sources

Scottsdale Tax & Fee Burden

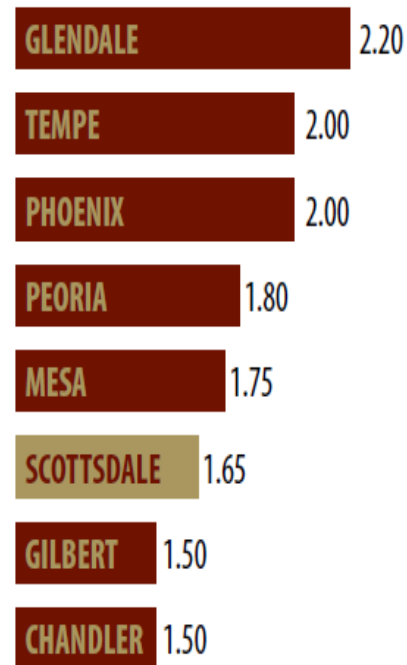
How do we compare with our neighbors?

Property tax rate per \$100 assessed value



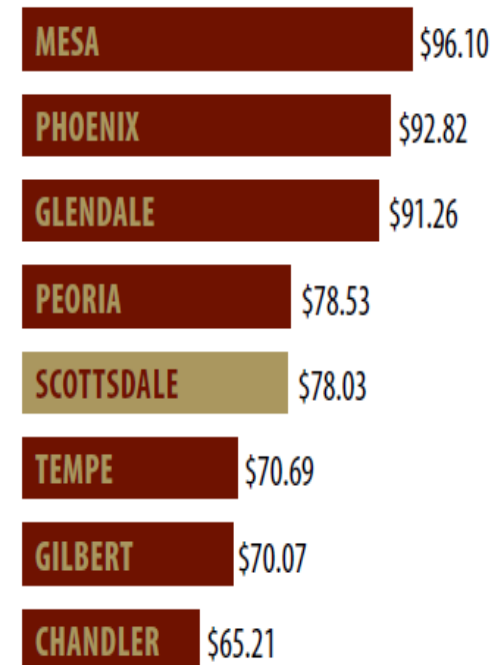
As of July 1, 2011

Local retail sales tax rate



As of July 1, 2011

Residential utility bill



Typical water, garbage and sewer charges as of Sept. 1, 2011